

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 1181 – HB 1242

April 10, 2015

SUMMARY OF ORIGINAL BILL: Changes the penalty from a Class C misdemeanor to a Class B misdemeanor when a driver of any vehicle involved in an accident leaves the scene of the accident and the property damage is less than \$500; and from a Class B misdemeanor to a Class A misdemeanor when the property damage is greater than \$500. Requires the Commissioner of Safety to suspend the driver license, or the nonresident motor vehicle operating privilege, of any person failing to stop at the scene of an accident, if the person is not in compliance with the Tennessee Financial Responsibility Law. Requires any such suspension of driver license be for a minimum of one year. Authorizes a person whose motor vehicle operating privileges have been suspended to obtain restoration of driving privileges by paying a restoration fee of \$25.00 to the Commissioner of Safety following the expiration of the suspension period.

FISCAL IMPACT OF ORIGINAL BILL:

Increase State Revenue - \$299,600

Increase Local Revenue - \$15,500

SUMMARY OF AMENDMENT (005299): Authorizes, rather than requires, the Commissioner of Safety to suspend the driver's license of any person failing to stop at the scene of an accident, if the person is not in compliance with the Tennessee Financial Responsibility Law.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Unchanged from the original fiscal note.

Assumptions for the bill as amended:

- The fiscal impact of this fiscal memorandum assumes that the Commissioner of Safety will act upon the authorization provided in the amended bill to suspend the driver's licenses of persons not in compliance with the Tennessee Financial Responsibility Law that leave the scene of an accident.
- Based on information provided by the Department of Safety (DOS), there are approximately 1,690 individuals cited for leaving the scene of an accident each year.

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- DOS estimates 25 percent (450) of those drivers did not comply with the financial responsibility law. These drivers will not apply for reinstatement and pay the \$25; therefore, no additional impact to the Financial Responsibility Division.
- Ten percent of the 1,690 who were cited, or 169, will elect to pay the \$25 fee to reinstate their license.
- The recurring increase in state revenue is estimated to be \$4,225 ($\25×169).
- DOS reports the average Class C misdemeanor fine is \$50.
- DOS reports the average Class B misdemeanor fine is \$100.
- Five percent of fine revenue is allocated to local governments as commission.
- Approximately 80 percent of \$100 fines are payable; the remaining 20 percent will not be paid due to indigence.
- DOS estimates that 10 percent, or 169, of all citations would involve accidents where the damage was \$500 or less. As a result, these drivers will be assessed the \$100 fine; a \$50 increase under this bill. Therefore, the recurring increase in state revenue is estimated to be \$6,422 ($169 \times \$50 \text{ increase} \times 80.0\% \times 95.0\%$); the recurring increase in local revenue is estimated to be \$338 ($169 \times \$50 \text{ increase} \times 80\% \times 5.0\%$).
- DOS reports the average Class A misdemeanor fine is \$500.
- Approximately 50 percent of \$500 fines are payable; the remaining 50 percent will not be paid due to indigence.
- DOS estimates that 90 percent, or 1,521, of all citations would involve accidents where the damage was \$500 or more. As a result, these drivers will be assessed the \$500 fine; a \$400 increase under this bill. Therefore, the recurring increase in state revenue is estimated to be \$288,990 ($1,521 \times \$400 \text{ increase} \times 50.0\% \times 95.0\%$); the recurring increase in local revenue is estimated to be \$15,210 ($1,521 \times \$400 \text{ increase} \times 50.0\% \times 5.0\%$).
- The total recurring increase in state revenue is estimated to be \$299,637 ($\$4,225 + \$6,422 + \$288,990$).
- The total recurring increase in local revenue is estimated to be \$15,548 ($\$338 + \$15,210$).

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Jeffrey L. Spalding, Executive Director

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